
Standardized CFO Inventory Sampling Plan Approach



9/22/11

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CFO Sampling Plan Background

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Office of Deputy Assistant Secretary (Supply Chain
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- Financial Improvement and Audit Readiness (FIAR) Issue: Each Service and DLA are required to report their ending year inventory value
- DLA and the Air Force had separate CFO sampling plans for inventory held at DDC
- Other Services did not have sampling plans
- In addition to streamlining sampling, a single plan helps the Army, Navy, and USMC become compliant sooner
- This standardization effort did not address Service inventories held in Service managed warehouses (non-DSS sites)



CFO Inventory Sampling Plan

Bottom-line

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- We finalized a CFO standardized inventory sampling plan:
 - Supports the CFO assertion for the value of inventory
 - Based on inventory stratification by component
 - Streamlined physical inventory efforts
 - Provided plan for those components that aren't executing CFO inventory sampling
- Plan developed with representatives from Services and DLA
- DoD IG reviewed the plan
- Execution of sampling plan began the first week in September
 - Services were invited to observe execution of the plan.
 - Results of inventory sampling will be provided to Services for review



CFO Sampling Plan

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- Allocation model strata for usage across all components
 - Stratifies a population by extended dollar values (Standard price X number of units)
 - Allocates stratum sample size proportional to total dollar value
 - Forces minimum sample sizes per component (800 for AF, Army, Navy, DLA; 500 for MC)
 - Forces minimum sample sizes (20) per Strata for each component

Example

Allocation Model						Army	20
Army WCF DSS Assets - 2011						800	0.8
Strata	Lower Bound	Upper Bound	Records	Population Inventory Value	%	Sample Size	Selection Method
I	\$0	\$9,999.99	29,336	\$40,407,519.93	0.2%	20	PPS
II	\$10,000	\$99,999.99	19,089	\$397,485,295.38	1.8%	20	PPS
III	\$100,000	\$999,999.99	10,379	\$2,421,761,871.06	11.1%	89	PPS
IV	\$1,000,000	\$9,999,999.99	2,972	\$7,030,703,063.93	32.3%	259	PPS
V	balance >\$10 million	unit cost<\$1 million	429	\$11,813,439,788.27	54.3%	429	Census
VI	all records with unit cost > \$1 million		2	\$42,729,374.00	0.2%	2	Census

- Sampling Plan randomly selects sample units within strata



Standardized CFO Inventory Sampling Plan Representatives

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Air Force:

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Navy:

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Army:

John Lafalce, USA HQDA DCS G-4
Terrence Roberts, AMC
Darryl Washington, U.S. Army Audit Agency
Norman Frech, U.S. Army Audit Agency

DLA:

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